THE CITY MIDDLE CLASS COMPARED TO COUNTRY GDP GROWTH
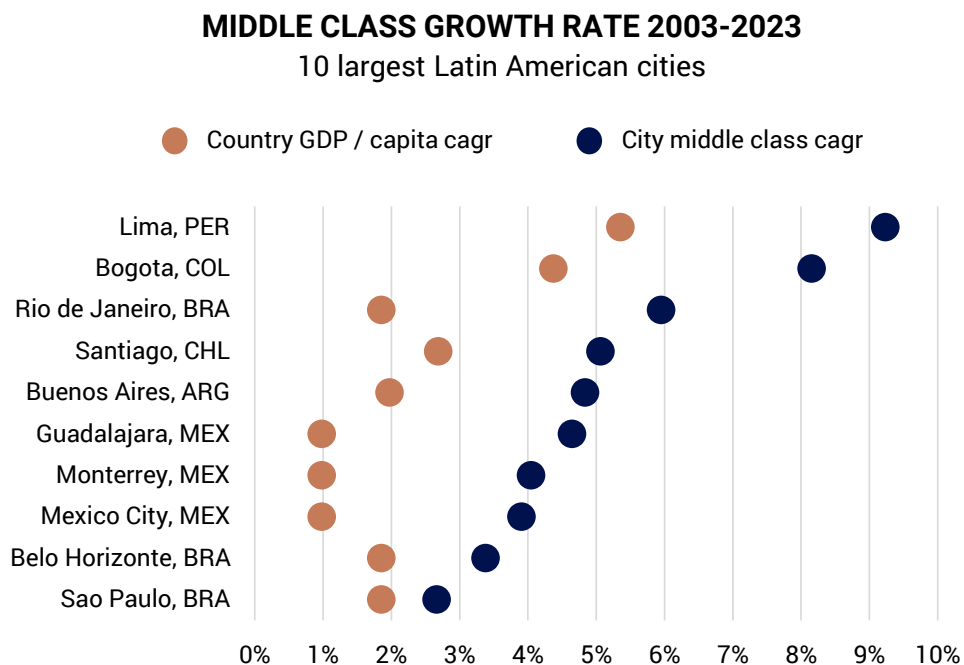
Cities typically grow faster than their countries in emerging markets, and the middle class (and above) grows even faster.

We took the ten largest cities in Latin America to illustrate the point. We further took the traditional measure of growth, country GDP per capita,[1] and compared it with the city annual growth of the middle class, 2003-2023 (see graph). We used our TelluBase data.[2]

MIDDLE CLASS GROWTH RATE 2003-2023
10 largest Latin American cities

Source: TelluBase; Tellusant analysis

The middle class grew much faster in nine of ten cities and somewhat faster in one. This conclusion holds true around the world and Latin America is at the lower end of the middle-class growth—yet it is stunning.

Most executives do not know this in a systematic fashion. They may have a general sense or may have seen data for one or two cities, but systematic, quantitative knowledge is rare.

If we look at the details, Bogota and Lima lead the way. We have worked on the ground in 9 of the 10 cities and started traveling to the Andean countries in 2009. Being on the ground,

you see the graph's numbers unfolding visibly. By the way, Colombia just passed Brazil's disposable income per capita.

Our overall recommendation is to avoid the street light effect. That is, people use information they find under the metaphorical streetlight: what is easily at hand (GDP), rather than what they need (in consumer goods, income brackets / socioeconomic levels at the subnational level).

Further, create city and subnational plans strategic, marketing, and other plans rather than national plans, by integrating category and survey data with detailed macro data: micro-macro integration. If you do, you suddenly represent the leading edge of management thinking.

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[1] To be clear, for a consumer goods company the use of GDP per capita metric nonsensical. Why would GDP have much to do with consumers? Disposable income is a much better metric. And disposable income broken into income and age brackets is the best.

[2] https://tellubase.telluplan.com